



Michigan Business & Professional Association
Michigan Food & Beverage Association
27700 Hoover Road
Warren, Michigan 48093
phone 586.393.8800 • fax 586.393.8810
web www.michbusiness.org



Senate Insurance Committee Testimony

Michigan Business and Professional Association/Michigan Food and Beverage Association

Governor Snyder's recommendations to amending PA 350 of 1980 and the Insurance Code of 1956

September 20th, 2012

Honorable Chairman Hune and Senate members of the Insurance Committee, thank you for allowing me to testify in support of Governor Snyder's plan to modernize our state's health insurance market. My name is Jennifer Kluge and I am CEO of both the Michigan Business and Professional Association (MBPA) and the Michigan Food and Beverage Association (MFBA), both groups representing over 20,000 small businesses statewide. We pride ourselves in directly connecting with our members to get the best understanding of their business concerns and making their business better. Their number one concern is healthcare, which is what brings me here today.

All health insurers should be regulated under the same code and play by the same rules. We know that once you level that playing field, it will force insurance carriers to compete for customers by holding down costs and improving quality. It is important that our business owners and their employees above all, have quality care and choices, when selecting their healthcare plans. They need to know that their healthcare costs will be contained, and not face skyrocketing healthcare premium the next time they renew.

It is time that Michigan should update its insurance regulatory system. With a streamlined system, insurance companies can concentrate on efforts businesses care about, and that is reducing healthcare costs. Our state's regulatory environment is burdensome and complicated. This proposal would simplify those insurance regulations to save time and money. We support what reduces cost for the business community wholeheartedly.

As previously mentioned, the small business community needs cost containment, and healthcare is the one area that we struggle. This proposal will do worlds of difference in restructuring the Medigap Subsidy. It will eventually eliminate the "tax" currently required on Blue Cross' small business and individual customers to subsidize other lines of insurance coverage, notably, Medigap. This specific tax costs the business community and individuals more than 200 million dollars a year. These savings to small business can be reinvested back into the Michigan economy.

We are encouraged that this proposal also establishes several other provisions; a 1.5 billion dollar investment from BCBSM for the health of Michigan's people, protecting seniors by freezing the "Medigap" coverage rates for four years, and keeping BCBSM a not for profit company so they can keep their focus on offering affordable healthcare for Michigan citizens. Our Associations' are strong proponents of Wellness initiatives and see the tremendous benefits they provide. We feel the Blues can help those that need help the most.

In closing, we urge our legislature and the Blue Cross directors to seriously consider and support this proposal. We see it as an important move on Michigan's strong path to resurgence and economic strength. Thank you for your time today.